GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:5618
ANSWERED ON:02.05.2005
PRODUCTION COST OF CHEMICALS AND FERTILIZERS
Chaure Shri Bapu Hari

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the production cost of the chemicals and fertilizers in the country is higher than that of International level;

(b) if so, the details thereof;

(c) whether the Government has made any efforts to find out the production cost of chemicals and fertilizers in the developed countries;

(d) if so, the details thereof; and

(e) the steps proposed to be taken by the Government to reduce the production cost?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (e): Chemical industry has been delicensed except three hazardous chemicals. There is no control of the Government on production and pricing of chemicals. Therefore, cost of production of chemicals is not monitored by the Government.

As far as the production cost of fertilizers in the country is concerned, it is dependent on the type of feedstock used and its cost. Costlier the feedstock, more is the cost of production of indigenous fertilizers. At present, the cost of production of indigenous urea is less than the cost of imported urea. The present weighted average cost of production of indigenous urea is Rs. 8494 per metric tonne, the cost (C & F) of imported urea is Rs. 11073 per metric tonne. There is no separate monitoring of cost of production of fertilizers in other countries.

The country is totally dependent on imports for manufacturing its indigenous di-ammonium phosphate (DAP). Almost entire quantity of ammonia and phosphoric acid is imported by DAP manufacturers. Similarly, the units, which use rock phosphate and manufacture their own phosphoric acid, are also dependent upon imported rock phosphate and imported sulphur for their entire requirement. Thus, the cost of indigenous DAP is primarily dependent upon the prices of raw material/intermediates prevailing in the international market.

The New Pricing Scheme (NPS) for urea units, introduced w.e.f 1.4.2003, lays emphasis on efficiency. Pre-set energy norms for urea units have been made effective from Stage-II i.e., w.e.f 1.4.2004.